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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 001147

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TAGS: [ENRG](#) [PREL](#) [PGOV](#) [CH](#) [TW](#) [KN](#) [KS](#) [JA](#)
SUBJECT: EAP/DAS CHRISTENSEN,S MARCH 2 TOKYO MEETINGS

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Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b) and (d).

11. (C) Summary: Japan's ties with China have warmed significantly since Prime Minister Abe's October visit to China and both sides are working to achieve a compromise on gas exploration in the East China Sea, MOFA officials, Diet members and academics told EAP/DAS Christensen during separate March 2 meetings. Japan hopes to reach agreement before Chinese Premier Wen's April visit to Japan, MOFA Asian Bureau DDG Sadoshima related. China is reluctant to conduct joint operations, so the most likely outcome will be separate operations with bilateral coordination, Komei Diet member Ueda speculated. Resolving the dispute on the exclusive

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economic zone demarcation line, and reaching an agreement on the Senkaku Islands are hurdles unlikely to be resolved any time soon, LDP Diet member Koichi Kato and Ueda agreed. Japan shares U.S. concerns on cross-Straits relations and on maintaining stability in China, Sadoshima said. Several interlocutors stressed the importance of the abduction issue and concerns that Japan may be left behind in the Six-Party process. End Summary.

12. (C) Visiting EAP/DAS Thomas Christensen met March 2 to exchanges views with a number of Japanese China experts. They included MOFA Asian and Oceanian Affairs Bureau Deputy Director General Shiro Sadoshima, Liberal Democratic Party (LDP) Diet member Koichi Kato, Komei Party Diet member Isamu Ueda, Tokyo University Professor Akihiko Tanaka and Keio

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University Professor Ryosei Kokubun. MOFA's Sadoshima told Christensen he was interested in learning more about the "senior dialogue" between U.S. officials and their Beijing counterparts and requested a readout on the talks.

Improving Ties With China

13. (C) Japan's ties with China have warmed significantly since PM Abe's October visit to China, Asian Bureau DDG Shiro Sadoshima told Christensen on March 2. Japan is working hard to achieve a compromise on East China Sea gas exploration so it can be a deliverable during Premier Wen Jiabao's April visit to Tokyo. Joint development remains a possibility, but

reaching agreement on Japan's exclusive economic zone (EEZ) demarcation line is "far down the road." Beijing is trying to slightly shorten Premier Wen's April visit, he observed. Some China watchers in Tokyo suggest that Beijing is taking a step back on efforts to improve relations, because they are waiting to see if Abe survives the April and July elections, Sadoshima conveyed.

14. (C) In a separate March 2 meeting, Komei Party Diet member Isamu Ueda told Christensen he agreed Japan's relations with China have improved since Prime Minister Abe's October visit to Japan, but noted that significant bilateral challenges remain. Reaching a compromise on East China Sea joint gas exploration will be very difficult because neither side is prepared to make a territorial concession. China is reluctant to agree to joint operations, and so the most likely outcome will be an agreement on separate operations with bilateral coordination, he shared. Resolving the dispute over the Senkaku Islands is another hurdle, Ueda observed. The Senkaku Islands are important for Japan's economic security. If Japan relinquishes its claim to the islands, its exclusive economic zone would be reduced, cutting off access for Japanese fisheries, he explained.

15. (C) Not everyone in China is happy about improved bilateral ties, MOFA's Sadoshima commented. The PLA navy, as a entity, may be trying to scuttle Beijing's efforts to strengthen ties with Japan, Sadoshima asserted. While emphasizing that this is only his personal opinion, Sadoshima commented that incidents involving Chinese naval vessels entering disputed territorial without prior warning seem to occur as Japan and China are about to reach a diplomatic breakthrough, making it harder to reach a deal. Even though the navy is the weakest part of the PLA, there may be a subgroup within the navy seeking to derail efforts to improve relations, Sadoshima speculated.

PM Abe and China

16. (C) Prime Minister Abe's efforts to improve ties with

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China are surprising in some ways, Liberal Democratic Party of Japan (LDP) Diet member Koichi Kato told Christensen during a March 2 meeting. If you look back and study Abe's speeches and writings before becoming prime minister, you would not predict he would have worked so hard to improve relations with China, Kato commented. Beijing has confidence Abe will not visit Yasukuni Shrine, so the relationship has improved, Kato stated. Japan's ties with China have strengthened because of effort on both sides, but deep down, Abe personally does not like China, since he sees it as a "traditional communist country," Kato speculated. Tokyo University Professor Akihiko Tanaka noted that academic exchanges with Chinese scholars are no longer dominated by Yasukuni Shrine debates.

Cross-Strait Relations

17. (C) Maintaining the status quo on cross-Strait relations is the best solution, Komeito's Ueda conveyed. Taiwan needs to open up its economy and avoid "bubble investment" in mainland China, he added. China's economy is still very fragile, and imbalanced Taiwan investment there, especially in China's southern coastal region, could lead to economic instability for Taiwan. China's economic growth is still very strong, but will likely slow down after the 2008 Beijing Olympics, Ueda predicted. Separately, LDP Diet member Kato offered that Beijing's relationship with Taiwan is not an immediate cause for concern since their economies are becoming increasingly intertwined.

18. (C) Beijing is maintaining stable relations with Taiwan because it realizes that cross-Strait conflict would be

damaging to China's economic growth, DDG Sadoshima told Christensen. The audience China wanted to reach when conducting its ASAT test, was not the United States or Japan, but rather Taiwan, he commented. Christensen noted that Chinese officials repeatedly warn the United States that the next several months before the election in Taipei are "a period of high danger." Chinese officials have not relayed the same message to Japan, and actually seem more relaxed than before, Sadoshima replied.

China's Domestic Politics

19. (C) Turning to the next Communist Party Congress in the fall, Komeito's Ueda speculated that President Hu Jintao will likely continue to consolidate his position by making appointments to key positions. Some pundits have questioned whether Hu has control over his military, and question whether he knew about the anti-satellite (ASAT) test beforehand, but it would be hard to imagine he did not have advance knowledge. Japanese have mixed views on President Hu, he observed. Some thought Hu would push harder on social issues than he has; in reality, there has been little change, Ueda said. Japan is reluctant to intervene in Chinese

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domestic politics, but shares U.S. concern on the tightening restrictions on personal freedom in China under the Hu administration. Many Komei Party members had higher expectations for President Hu, because Komei Party head Ota is a long time friend of Hu; they have known each other over 20 years, Ueda relayed.

Chinese Stability

10. (C) Deep-seated corruption, especially at the village level, is a source of instability, LDP Diet member Kato observed. In March 2006, Premier Wen Jiabao announced that 44,000 bureaucrats were arrested on corruption charges in the previous year. The financial and banking systems are also still very corrupt, Kato commented. The banking system in China is not sustainable in its current state in the long run, MOFA's Sadoshima stated separately. Illegal banking and the increasing income gap between demographic sectors threaten stability. China lacks inter-bank markets; bond markets make up only four to five percent of the banking system; and more than 90 percent of the money in the banking system goes to the public sector, Sadoshima added. Foreign majority-owned financial institutions would help increase stability, Sadoshima suggested.

Six-Party Talks and the Abductions Issue

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11. (C) Since December, the Six-Party Talks process has been very successful, the Komeito's Ueda commented. There is clear documentation on what is expected from North Korea, and Pyongyang is not given a free ride. China was very cooperative and contributed to the solution, but tough negotiations are still ahead of us, Ueda stated. The LDP's Kato shared Ueda's optimism on the Six-Party Talks and downplayed the military threat from North Korea. Pyongyang fired missiles and conducted its nuclear test as a "love call" to the United States. It was seeking U.S. attention, Kato remarked.

12. (C) While Japan was pleased to see progress being made, the abduction issue still remains unresolved, and Japanese politicians must maintain a delicate balance between focusing on nuclear nonproliferation and on the abduction problem, the Komeito's Ueda told Christensen. Nuclear nonproliferation is the most important goal, but the abduction issue is very sensitive, especially since this is an election year, he

noted. There is no 100 percent solution to the abduction problem. The challenge will be how to determine at what point progress is made, Ueda explained. Japan needs U.S. and Chinese understanding on the abduction issue, the LDP's Kato asserted. Many Japanese worry that Japan will be left behind in the Six-Party process due to the abduction issue, Keio University Professor Ryosei Kokubun told Christensen during a separate March 2 meeting. Even the families of abducted Japanese are unsure how best to proceed. The families who have had family members returned have a much softer stance and are opposed to sanctions on North Korea. Some Japanese are becoming tired of hearing about the abduction issue in the media, Kokubun asserted.

¶13. (C) Turning to Megumi Yokota, the LDP's Kato speculated that Pyongyang may have returned her remains. Is it even possible to determine the DNA of remains after they have been cremated, Kato asked Christensen. The Chinese Foreign Minister agrees the remains are authentic, Kato claimed. He hinted that to help settle the issue, the United States should advise Prime Minister Abe that the bones returned by the DPRK could have been contaminated during DNA testing.

¶14. (U) This cable was cleared by EAP/DAS Thomas Christensen.
SCHIEFFER